

Fiscal Note

Fiscal Services Division



HF 677 – Global Positioning System Sales Tax Exemption (LSB 1990HV)
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Fiscal Note Version – New

Description

House File 677 provides a sales and use tax exemption on the sales price of global positioning systems (GPS) and GPS software and subscription fees used in farming operations.

Background

Currently the sales of GPS equipment used in farming operations are exempt from sales and use tax in Iowa.

Assumptions

- Based on informal survey data from the Iowa Nebraska Equipment Dealer Association (INEDA), dealers remitted sales tax of approximately \$122,000 for GPS services and fees in the past year.
- The Department of Revenue sales/use tax growth model projects increases of 4.1% for FY 2012, 5.1% for FY 2013 and 5.8% for FY 2014.
- The estimate assumes a statewide local option sales tax (LOST) effective rate of 0.87%.

Fiscal Impact

Enactment of **HF 677** is estimated to decrease State sales/use tax receipts by approximately \$127,000 in FY 2012, \$134,000 in FY 2013, and \$142,000 in FY 2014. The following table provides the estimated fiscal impact to the State General Fund, the Secure an Advanced Vision for Education (SAVE) Fund, and the local option sales tax (LOST).

	Estimated Fiscal Impact		
	General Fund	SAVE Fund	Local Option Sales Tax
FY 2012	\$ -106,222	\$ -21,244	\$ -18,483
FY 2013	\$ -111,639	\$ -22,328	\$ -19,425
FY 2014	\$ -118,114	\$ -23,623	\$ -20,552

Sources

Iowa Nebraska Equipment Dealer Association
Iowa Department of Revenue

April 13, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
